1949 File No. 566 /36 /[illegible]

DEPARTMENT

[illegible] AGS EL BRANCH

Subject:— Hubli Ely. Undertaking.

A EL 49

File No. 5660/36

Std. Sectt. SHp 24-B

G. R., G. D., No. 2408, dated 22-6-22.] Std. Sectt. 78 a.

DOCKET SHEET

Subject:—

Hubli Electric Supply Undertaking: Future management &c.

File No. 5660/36/50261

P.W. DEPT.

W. BRANCH. (I)

References:—

Date.	To whom sent.	Notes and instructions.
21/9	— P-S	Secy. Hubli Elec. Supply Co. in Wh 17-18 a. 1600 d.c. please.

To

The Secretary, P.W.D.,
Electric Branch, P.W.D. Buildings,
Secretariat, Bombay.

Memorialist, K.T. Rodda B.A., LL.B., Pleader, for the public of Hubli and for the Prospective purchaser of the Hubli Electric Co. Ltd, if offered by Government.

Subject. Request.(1) Improve the working of the Hubli Electric Co. Ltd., so that the maximum use and facility be offered to the public of Hubli. (2) Private offers be entertained for the purchase of the said concern. (3) Settlement be planned preliminary to the sale of the said concern, with the former managing agents.

Dear Sir,

On behalf of the prospective purchaser of the Hubli Electric Company I beg to submit and request that facility be given to the prospective purchaser so as to offer a maximum benefit available to the general public of the industrial city of Hubli.

2. The Hubli Electric Co. Ltd. was started in 1924 and the pioneers held out high hopes to the public of the modern and upto date facilities for the rapid development of the industries and domestic comforts of the citizens of the city. As is usual the Managing Agents took upon the responsiblities for raising the funds for the concern.

3. Things began satisfactorily but due to various causes and cross-currents in the local politics and also for the reasons of the handicaps to the promotors much of the expectations were either postponed or partially foiled.

4. In 1944 the working of the said company was taken over by the Government. The Share-holders or the Directors were not given an opportunity to mend the alleged defective working.

5. It is nearly six years that the waking is being attended to by the Govemment and the Public are put to disadvantages of not getting full benefit of the electric power necessary. I am told that only 35% of the capacity is being utilized . No power is given for industrial purposes. Food Grain Grinders conducted by the Company formarely are completely stopped. The Municipal Streets have no lights much to the dis-advantage of the industrial city. The taking over of the Company by the Goverment was condidered as a temporary measure. If it was due to the defective working by the ManagingAgents,it is prayed that the public should not be penalized.

6. It is learnt that the Managing Agents have moved the civil court. Irrespective of the result, could it not be reasonable for the public to earnestly request the Government to bring about a final settlement so that any individual firm may come forward and buy over the concern and work it on modern lines?

7. The Government is requested to welcome any private offers for purchasing it and managing it efficiently. I have received an intimation from one of such parties to make enquiries and negotiate for the purchase of the concern. Preliminary to the above request settlement with the Managing agents would be necessary. May I request that the same may be brought about irrespective of the proceedings in the court!

8. In case Government Grid Scheme were to meterialize ! the prospective purchaser would abide by the Goverrment rules.

In view of the instructions by one of the prospective purchasers I take the opportunity to approach Government that facility be given to the

-3-

Prospective purchaser to put an offer and if things develop to complete the deal.

Yours truly,

K. T. Rivaka

Empire Hindu Hotel,
Bombay. 1.
29.7.49

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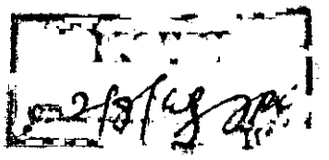
El. Br

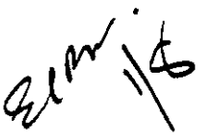
P.W.D

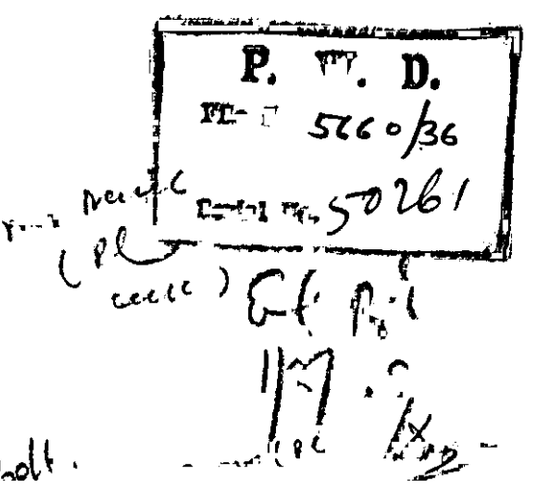
Acknowledged under No. 5660/36-El,
dt. the 2-8-49.

2/8/49

2/8/49







Mr K.T. Rodda of Bhamras
saw me this morning re the Hatch
Electric Co. Ltd.. He said that in case of Mr
Arnold the Company the sole, he has an
outstanding purchase. I/We will please
find out this matter in this subject.

J.M. 20/9

20/8/49.

Note on Hubli Electric Supply Undertaking.

The Hubli Electric License, 1924 was originally granted to Messrs. R.L. Amte and S.S. Malimath carrying on business in partnership under the name and style of Amte and Company, Hubli, to supply energy within the area and upon the terms and conditions mentioned in the license. With the consent of Government, the license was assigned on the 28th January 1925 by this firm to the Hubli Electricity Company, Limited, a company duly incorporated under the Indian Company's Act, 1913 subject to the performance by the assignees of the obligations imposed upon the licensees by the said license and the Indian Electricity Act, 1910.

2. In December 1942, the District Magistrate, Dharwar, forwarded certain papers relating to gross inefficiency and mismanagement of the Hubli Electricity Company Limited and stated that the history of the Company for the last fifteen years had been one of repeated negligence, inefficency and utter disregard of the interest of the public. Later during the same month he reported that the Company had entirely stopped supply of electric energy to the town of Hubli owing to the break down in the engines and that he had been receiving shoals of complaints from the general public, cinema houses and industrial concerns regarding this deplorable state of affairs. The Electrical Engineer to Government also entirely agreed with the District Magistrate regarding the extremely bad state of affairs with regard to the supply of electricity. The Sub Divisional officer, Telegraphs, Belgaum Sub-Division also complained that the Telephone Exchange Battery at Hubli was entirely dependent on the Hubli Electric Supply and as the supply was very irregular and faulty, the trunk telephone service Batteries could not be charged and kept up to the standard. In these circumstances Government informed the Company in April 1943 that Government was satisfied that there were sufficient grounds for revoking their license under section 4(1) of the Indian Electricity Act, 1910, but Government permitted the license to remain in force under section 4(2) of the Act subject to the conditions -

..... Contd

(i) ....

(i) that within a period of six months from the date of the letter they should recondition their plant and put the same in proper working order for the purpose of ensuring a continuous and efficient supply to all consumers and

(ii) that they should make proper arrangements for the maintenance of the plants immediately.

A notice to the effect that should the Company fail to take necessary steps to fulfil the above conditions their license would be revoked was also given.

3. The period of notice expired on the 3rd October 1943. The District Magistrate, Dharwar, reported that the old defects continued as before and in certain respects the service had gone from bad to worse. Complaints from the general public and industrial consumers regarding the irregular, faulty and intermitent supply of electricity were being received off and on. The complaints received from the several quarters and reports of the Electric Inspector and the Electrical Engineer to Government indicated that the Company were unable to put the undertaking in satisfactory condition. In the circumstances the Company were notified in January 1944 that the license was revoked with effect from the 1st May 1944.

+ Sub A
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Pgs 174-175
Service removed.

4. Under Section 5(b) of the Indian Electricity Act the Hubli Municipal Borough had the first option to purchase the undertaking with the consent of Government. That body having waived its right it was decided to require the licensees to sell it to some other person under clause (c) of Section 5 of the Act and applications were invited. In the meanwhile a notice of suit challenging the revocation of the license by Government was received from the Company's Solicitors; Government therefore decided to purchase the undertaking itself and then hand it over to any one by issuing a new license. The requisite order (vide Government Order No. 5660/36, dated the 29-4-44) was accordingly served on the Coy. asking it interalia to give possession of the undertaking to Mr. Raghavan, Deputy Engineer, but the Company refused to give possession pending the settlement of the price and completion of the purchase of the undertaking. On account of the revocation of the license, the rights, powers, authorities, duties and obligations of the Company were revoked with effect from the 1st May 1944 and

= Sub C
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Pg 6665
Pg 6

— Sub B
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Part II
Pg 297
— DO —
Pg 303
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hence they could not continue to supply electric energy eventhough they did not give the possession of the undertaking to Govt. It was considered necessary, in the interest of the efficient prosecution of the War (a Blanket factory was being run by the Department of Industries providing blankets for military) and for maintaining supplies and service essential to the life of the community, to continue the supply. Since the licensee failed to sell the undertaking to Govt. pending the settlement of price and completion of the purchase of the undertaking its control was taken over by Govt. in exercise of the powers conferred by sub rule (3) of rule 81 of the Defence of India Rules to keep it in working - vide G.O. No..5660/36, dt..the 3-5-1944.

In order to keep the supply continuous from the 1st May 1944 it was not only necessary to take the possessi of the undertaking but to require the staff essential for that purpose to continue in service.. The Essential Services (Maintenance) Ordinance, 1941, was therefore made applicable in their case.

After the expiry of the Defence of India Rules from 1-10-1946 the control is being continued under the provisions of section 5 of the Indian Electricity (Bombay Amendment) Act, 1946, which was specially enacted to meet the case, as the purchase price of the undertaking has not yet been settled - vide para 5 below.

5. Regarding the question refd. to at 'A' above it is observed that Govt. appointed Mr. C.B. Mersh, late Electricial Adviser to the Govt. of Central Provinces to assess and report on the present fair market value of the undertaking in accordance with the principles laid down in the proviso to section 5(b) of the I.E. Act, 1910 and on the basis of this report Govt. made on the 26-3-1945 an offer of Rs. 6,76,364 to the Coy. for the purchase of the undertaking. This offer was not however accepted by the Coy. On the 21st Jany. 1946 the Coy. was definitely asked to put the offer before its Board of Directors and

to .....

to communicate the decision not later than the 21st March 1946 and further it was informed interalia that in the event of it not accepting the offer the matter will be refd. to the arbitration as reqd. by the I.E. Act, 1910. The Coy. however did not accept this offer and raised certain objections before doing so; On the advice of the Solicitors to Govt., Govt. therefore decided to proceed with the arbitration exparte and appointed Mr. H. J. Mullen-eux, Chartered El. Engr., as sole arbitrator in the matter. Mr. Mulleneux has recently submitted a report reg: the valuation of the undertaking but has not given his award in the matter, which is awaited.

6. After the revocation of the license the Coy. filed in the High Court two suits against Govt. - Suit No. 610 of 1944 challenging the validity of Govt. Order No. 5660/36, dated the 28-1-1944, revoking the license and suit No. 1385 of 1944 challenging the validity of Govt. Order No. 5660/36, dt. the 3-5-1944, taking over the control of the undertaking under the Defence of India Rules.. Both these suits were decided in favour of Govt. in 1945. The Coy. then appealed against the judgement of the High Court in both these cases and these appeals were also decided in favour of Govt. in October 1946. Subsequently the Coy. went in to appeal to the Privy Council in respect of both these suits and these appeals have also recently been decided in favour of Govt.

7. The Coy. has filed as yet another suit against Govt. in 1947 claiming certain large amounts by way of damages and/or compensation for controlling and working the undertaking since 3rd May 1944. The subject matter of this suit is at present under negotiations between the Govt. Solicitors and the Coy's Solicitors. As a result of these negotiations the Govt's Solicitors have very recently made certain proposals reg: payment of interest at 4% to the Coy. on the capital sums ultimately found due to the Coy. and the appointment of another arbitrator along with Mr. Mulleneux to determine the purchase price of the undertaking. These proposals are under separate consideration.

29/8/47

5660/36
50261

El.Br.(I). P. W. D.

Submitted with reference to the H.M's note dt. the 20-8-49.

2. Mr. Rodda's letter requesting that private offers be entertained for the purchase of the Hubli Ely. Supply Undertaking is at pp. 1–5 ante.

3. The attached note recapitulating the history of the undertaking is put up for infomn. From para 4 thereof it will be seen that when the license was revoked Govt. wanted to sell the undertaking to a suitable party and applications were invited. In the meanwhile as a notice of the suit challenging the order of Govt. revoking the license were recd. Govt. decided to purchase the undertaking itself and then hand it over to any one by issuing a new license. The question of selling the undertaking to other persons has, however, been deferred since then owing to the subsequent litigations and the non-settlement of the purchase price of the undertaking.

4. Since the decision refd. to in the preceding para the position has changed. The policy of Govt. in the matter of development of electric supply in the Province is now to be regulated in accordance with the provisions of the Ely(Supply)Act.1948. The development of electric supply is to be made thro. the Provl. Ely.Board.(the question of formation of this Board is under separate consideration). With this end in view, the rights and options given under the I.E.Act,1910 to local authorities and Govt. to purchase the existing undertakings after the stipulated period in each license are vested with the Board. It will be in consonance with the above policy that Govt. should itself retain the undertaking at Hubli for the distribution of supply of electricity and hand it over to the Board for management when the latter is formed.

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26/36
50261.

5. It is noted for information that with a view to improve the supply position at Hubli, soon after revocation of the licence, Govt. installed an addl. 150 K.W. set at the cost of nearly a lakh of rupees. As this set was however totally inadequate to meet the growing demand for ely. at Hubli. Govt. further decided to install two addl. sets of 500KW. each at a cost of over 7 lakhs of rupees and these sets are now in course of erection. When these are put into commission the demand for munpl. lighting and other industrial loads will be met. Govt. has also sanctioned considerable sum for addn. to the distribution system of the undertaking. Supply of Jog power is to be made available at Hubli, under the Jog power distribution scheme. When this supply is available the present generating sets ~~will~~ may have to be sold unless they can be utilised elsewhere in the ~~Grid~~ Grid Scheme.

6. Mr. Roddar has made enquiries for the purchase of the undertaking at Hubli with a view that the license for the distribution of energy may be given to the party purchasing the undertaking. The immediate question for the decision of Govt. ~~xxxx~~ therefore is whether a new license for the distribution of energy at Hubli may be granted to a private party. In view of the remarks made in para 4 above, Govt. may not grant such a license and ~~xxxRod~~ Mr.Roddar may be informed accordingly unless it is considered necessary to obtain the opinions of the El.E. and El.Commr. in the matter.

25/8/45

LBW/29/8
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29/8/45

In view of the impending formation of the Provincial Elc Board W.S
there would be no point in giving a license to a new party as that party
will remain as a distributor when Jog power becomes available.
30.8.45.

Secy (C)

I agree that Rodda may be informed accordingly
June 30/8

H.M.P.W.D

31/8

31/8

5660/36

50261.

-El. Br (I)- P.W.D.

Resubmitted with reference to p 14
the H.M's orders.

2. The necessary draft wh 17-18 is put up for advl. It is for consideration whether the bracketed portion p 18 therein may not be omitted as it does not seem strictly necessary.

-831
1/9/45

Portion bracketed may be omitted, I think

KJ 1/9/45

P 5
Secy (9)

MG
1/9

17

5660/36
50261

No 5660/36 El (I)

P.W.D.
B.C., 5th [illegible] 1945

To

K.T. Rodda, Esqr. B.A., LL.B,
Empire Hindu Hotel,
Bombay No I.

Sub:— Hubli Electric Supply undertaking.

Dear Sir,

I am to refer to your letter dated the 29th July 1945 and to the interview which you had

660/36
50261

with the H.M.P.W.D. on the
20th Aug 1949 and ~~~ letter
that Govt ~~does not consider it desirable~~ ~~sees no point in~~ has no intention of selling
~~to fix a decision for the~~ ~~giving~~ to any purchaser for the
the assets of the Company supply of electrical energy at
Hubli. ~~to a new party~~ (as
that party will remain as a ~~~~ (vide the
distributor when Govt power
becomes available.) ~~~~ D.A :- Nil

copy forwarded for information to
the Accountant with the Govt. & Chief
Engr to Govt.

1/9/49

14/9/49

16/9/49 ~~~~ (...) Secy (P)

No.5660/36-El(I). Public Works Department,
Bombay Castle, 5th September 1949.

From
The Secretary to the Government of Bombay,
Public Works Department (Irrigation).

To
K. T. Rodda, Esquire, B.A.,LL.B.,
Empire Hindu Hotel,
Bombay No.1.

Subject: Hubli Electric Supply Undertaking.

.....

Dear Sir,

I am to refer to your letter, dated the 29th July 1949, and to the interview which you had with the Honourable Minister, Public Works Department, on the 20th August 1949, and to state that Government has no intention of selling the assets of the Company to any purchaser for the supply of electrical energy at Hubli.

Yours faithfully,

For Secretary to the Government of Bombay,
Public Works Department.

D.A.- Nil.

Copy.....

Copy forwarded for information to the Electrical Commissioner with the Government of Bombay and Electrical Engineer to Government.

ISSUED
on 6/9/49

4
GJP.
5/9
6/9